



Your Neighborhood Supermarkets

Testimony of Michael Ambrosio
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before the
House Small Business Committee
Subcommittee on Regulations and Healthcare
“Impact of Food Recalls on Small Businesses”

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Chairwoman Dahlkemper, Ranking Member Westmoreland and Members of the Regulations and Healthcare Subcommittee, I am Mike Ambrosio, Vice President, Quality Assurance, for the Wakefern Food Corporation. I have been in charge of food safety programs at Wakefern for the past 29 years. I am honored to appear before you today to testify on behalf of my company and our members, but also the Food Marketing Institute (FMI), our trade association representing over 1500 food retailers of all sizes.

Founded in 1946, Wakefern Food Corporation has grown from a small struggling cooperative into a strong regional player. Headquartered in Keasbey, New Jersey, Wakefern is comprised of 45 members who independently own and operate supermarkets under the ShopRite banner in New Jersey, New York, Connecticut, Pennsylvania, Delaware, and Maryland. While we are the largest retailer-owned cooperative in the nation, the majority of our members own one or two stores and understand the challenges that small businesses face. They operate in an industry of razor thin profit margins averaging between one and two percent – only owners that understand the needs of their customers and community are able to survive and prosper. As a result of our member's dedication to their customers and communities, ShopRite has been named the New Jersey Corporate Philanthropist of the Year by the Community Foundation of New Jersey and America's Second Harvest Food Bank Network also has recognized ShopRite as the Grocery Distributor of the year for its *ShopRite Partners In Caring* program, a year-round initiative dedicated to fighting hunger.

As part of our dedication to the consumer, our most important goal is to ensure that the food we sell is safe. Our stores have many prevention programs in place to protect our customers, such as consumer education campaigns, employee food safety training, extensive sanitation programs, and food safety management systems. But all of these prevention programs at the retail level cannot ensure that we deliver safe food to our customers if the food coming into our stores isn't already produced and processed to the highest standards. When we do receive notification that a product is adulterated, we take a variety of vital steps to ensure that the affected product has been removed from our shelves as quickly as possible and also to notify our customers in certain instances. However, this process is often challenging, time consuming and expensive due to a loss of man hours and a loss of sales created not only by having product taken off the shelves, but also due to a recall's impact on consumer confidence.

I would like to provide the Committee a snapshot of the steps we take when we are notified that a product has been recalled.

Notification:

We receive notification that a product has been recalled through a variety of different methods including third-party services that we subscribe to, direct contact by the vendor, through the monitoring of government websites such as FDA, or through various media outlets. With any notification method, it is vital that we receive necessary information such as product name, correct UPC codes, product size and sell-by-dates to ensure we know exactly which product is being recalled. The average size grocery store has over

45,000 individual items on their shelves every day. In the case of the high profile Peanut Corporation of America (PCA) recalls, the FDA as of March 9th had 3223 products listed on their website that have been recalled due to the recent salmonella outbreak.

Actions Taken

Once we receive the necessary information in the Quality Assurance Department, we notify Consumer Affairs, while comparing the affected UPC codes to our current inventory. All identified products are embargoed and segregated to a designated holding area. In addition, recalled UPC codes are locked out of our Point of Sale (POS) systems so product cannot be scanned for sale at the registers or sold on our website. A bulletin is sent to all stores owners and applicable in store divisions and management staff. The information is also posted on our internal website. Class I recalls trigger automated phone calls that notify store owners and managers directly to reinforce the bulletin. We also have private third-party auditors visit our stores to ensure that Class I recalled product has been removed from the shelves within a twenty-four hour period.

At the same time we are removing products at the store level, our Consumer Affairs Department is creating signs for display at the point of sale and sending releases directly to the media if needed. Depending on the type of recall, they also search data from our loyalty card program that allows us to notify our customers directly through phone calls about a product that they had purchased. It is important that grocers are able to employ a variety of different notification methods based on their capability to reach as many consumers as possible.

I am very proud of the actions that we take as a company to remove adulterated product that we receive in our stores out of the supply chain as soon as possible. It is a time consuming and complicated process averaging 10 hours per product recalled. In the last fiscal year, our stores had 214 recalls (27 Class I and 43 Pharmacy Recall's) accounting for 238 UPC codes. Total time dedicated to handling recalls during this was 2,140 hours or the equivalent of 305 working days.

Industry

Our trade association, FMI – working with Wakefern and its other members of all sizes – is dedicated to improving food safety by working throughout the supply chain to ensure that consumers continue to receive safe, high-quality, and affordable food. Improving the ability to remove adulterated food products from the supply chain quickly and efficiently is part of enhancing the overall food safety system. While due attention must be paid to preventing adulteration in the first instance, I would like to share with you initiatives the food retail industry has undertaken to help improve the recall system.

Require Mandatory Recall Authority and Immediate Notification of Recall

We believe that FDA and USDA should be given the authority to mandate a recall in those cases where a company responsible for adulterated food does not act promptly to voluntarily recall a food product that presents a reasonable probability of causing serious health problems or death. Although companies generally recall adulterated foods voluntarily, providing FDA and USDA with the authority to mandate a recall in the event that a company refused to recall an adulterated product would strengthen both the food

safety system and consumer confidence. We also believe that suppliers should be required to give retailers immediate notification when a recall action is taken.

Improve Food Recall Communications

As discussed previously, the quality of information supplied to a grocer plays a vital role in the speed in which an adulterated product can be removed from our shelves. We are continuously working with our suppliers to develop ways to improve the quality of information on recalled products and the manner in which we receive it. One such initiative was to use technology to create a system that would be able to initiate, target, deliver and receive comprehensive product recall information immediately through a single, convenient, easy-to-use portal. In collaboration with our suppliers and GS1 US™, which oversees the Universal Product Code (U.P.C.), the FMI Product Recall Portal was introduced. The Product Recall Portal provides an important online resource that includes a secure and automated alert system allowing suppliers to send information to retailers and wholesalers about products that must be recalled and to do so rapidly and accurately in a standardized form 24 hours a day, seven days a week. With this system in place, retailers and wholesalers can receive relevant and vital information the moment it is available, allowing them to take immediate action and remove recalled product from the distribution chain and retail shelves as quickly as possible.

As the purchasing agent for the consumer and the final link the supply chain, we are dedicated at Wakefern to improving food safety. It is our goal to ensure that every time a

customer enters a ShopRite store, the product they place in their cart is safe, high quality and affordable – no matter which of the 45,000 items they choose from.

Madame Chairwoman, thank you for the opportunity to testify. We appreciate the interest expressed by you and the members of your subcommittee about the impact of product recalls. I remain available to the Subcommittee for further discussion and information should you need it.